

Overview

For FY 2012, the NASA Office of Inspector General (OIG) requests \$37.5 million. This request will support the work of 206 auditors, investigators, analysts, specialists, and support staff located at NASA Headquarters in Washington, D.C. and 12 other locations throughout the United States.

The OIG conducts audits, reviews, and investigations of NASA programs to prevent and detect fraud, waste, abuse, and mismanagement and to assist NASA management in promoting economy, efficiency, and effectiveness. The OIG's Office of Audits (OA) conducts independent and objective audits of NASA programs, projects, operations, and contractor activities. In addition, OA oversees the work of the independent public accounting firm that conducts the annual audit of NASA's financial statements. In its work, OA targets high-risk areas and management challenges, responds to NASA's changing needs and priorities, and provides measurable results that contribute to NASA's success in achieving its mission of pioneering the future of space exploration, scientific discovery, and aeronautics research.

Going forward, OA intends to focus its work in the areas identified by the OIG in November 2010 as the Agency's top management and performance challenges:

- Future of U.S. Space Flight
- Acquisition and Project Management
- Infrastructure and Facilities Management
- Human Capital
- Information Technology Security
- Financial Management

In this regard, ongoing audits are examining the status of NASA's safety and human rating efforts for the commercial space flight industry, whether NASA's grant funds are being used for intended purposes, NASA's tuition reimbursement program, and whether NASA is effectively managing its Mars Science Laboratory Project to accomplish its exploration objectives while meeting revised milestones and controlling costs.

The Office of Investigations (OI) investigates allegations of cybercrime, fraud, waste, abuse, and misconduct that may affect NASA programs, projects, operations, and resources. OI refers its findings to the Department of Justice for criminal prosecution and civil litigation or to NASA management for administrative action. Through its investigations, OI develops recommendations for NASA management to reduce the Agency's vulnerability to criminal activity.

Given the inherent risk associated with space operations and aeronautics and that NASA spends approximately 85 percent of its budget on contracts and grants, OI targets its resources to maintain the integrity of NASA's procurement process and on issues relating to the safety of NASA's missions and information systems. In the procurement area, OI's caseload includes investigations of allegations of false claims submitted by NASA contractors, conflict of interest cases involving NASA employees who place private gain before public service, and Procurement Integrity Act violations.

Finally, through its investigations, the Office of Investigations seeks to prevent and deter misconduct at NASA through an aggressive "lessons learned" approach with NASA management. To this end, the OIG works with NASA officials to shore up vulnerabilities that may have allowed crimes or misconduct to occur within their programs and operations.

NASA Office of Inspector General FY 2012 Budget Request Summary

FY 2012 Budget Request

| Budget Authority (\$ millions) | FY 2010 | Ann CR. FY 2011 | Auth Act FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 |
|---|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| FY 2012 President's Budget Request | <u>36.4</u> | <u>36.4</u> | <u>37.0</u> | <u>37.5</u> | <u>37.5</u> | <u>37.5</u> | <u>37.5</u> | <u>37.5</u> |
| Inspector General | 36.4 | - | - | 37.5 | 37.5 | 37.5 | 37.5 | 37.5 |

NASA OIG submitted an original request of \$40.8M that included an over guide of \$3.0 million.

In accordance with Public Law 110-409, Inspector General Reform Act of 2008, the Inspector General certifies that the \$0.4M for staff training in the budget request satisfies all known training requirements. We have no known funding requirement to support the Council of Inspectors General on Integrity and Efficiency for this budget request.

Plans for FY 2012

Inspector General

- Major Changes: None

Major Highlights for FY 2012

OIG's FY 2012 request is broken out as follows:

- \$31.4 million (83.8 percent) of the proposed budget is dedicated to personnel and related costs. Salaries include the required additional 25 percent law enforcement availability pay for criminal investigators.
- \$1.2 million (3.2 percent) of the proposed budget is dedicated to travel, per diem at current rates, and related expenses.
- \$1.75 million (4.5 percent) of the proposed budget is dedicated to operational expenses and includes funding for training, government vehicles, special equipment for criminal investigators, employee transportation subsidies, and information technology equipment unique to the OIG.
- \$3.2 million (8.5 percent) of the proposed budget funds the Agency's annual financial audit.

The Consolidated Appropriations Act, 2010 (P.L. 111-117) funded NASA OIG at the President's Budget level, but changed funding availability from 2 years to 1 year. In FY 2012, the OIG requests a return to 2-year funding to more efficiently plan for, execute, and control its budget.

The FY 2012 budget estimate for the OIG totals \$37.5 million:

- Personnel and related costs \$31.4 million
- Travel \$1.2 million
- Operations and Equipment \$4.9 million

Performance Achievement Highlights

In 2010, OA issued 32 audit reports, including reports assessing how well NASA had managed its Tracking and Data Relay Satellite System Program to accomplish its technical objectives while meeting established milestones and controlling costs, NASA's implementation of recommendations to improve the medical and behavioral health care provided to the Astronaut Corps, and the performance of the private company NASA hired to provide reduced gravity flights for NASA research, engineering, and astronaut training. Other reports uncovered weaknesses in NASA's disposition of information technology equipment related to the Space Shuttle Program and in NASA's information technology security. In addition, after receiving disclaimers of opinion on its financial statements during the previous 7 years, NASA received a qualified opinion on its FY 2010 financial statements. Over the past several years, NASA financial managers - working with the OIG and the independent accounting firm whose work the OIG oversees - made steady progress resolving previously identified weaknesses and their efforts resulted in the qualified opinion.

In 2010, OI investigated and issued reports on two high-profile matters involving senior NASA managers. In the first of these matters, the OI reviewed NASA's decision to remove the manager of NASA's Constellation Program. The OIG found that the reassignment was a management decision made by the Associate Administrator for Exploration Systems with the concurrence of the NASA Administrator, and was taken in response to actions by the manager that led senior NASA leadership to believe he could no longer effectively lead the Constellation Program during a period when the President was seeking to cancel the Program in the face of significant congressional opposition.

In the other matter, OI investigated allegations that NASA Administrator Charles F. Bolden, Jr. inappropriately consulted with Marathon Oil Corporation as he considered NASA's involvement in an alternative fuel project. Bolden had served on Marathon's Board of Directors for 6 years prior to becoming Administrator and held more than \$500,000 in Marathon stock when he contacted the company seeking information about the project. The OIG concluded that Bolden's contact with Marathon did not violate federal laws or ethics regulations pertaining to conflicts of interest but was not consistent with the ethics pledge he signed upon taking office.

In the OIG's most recent semi-annual reporting period, OI investigations resulted in recoveries of more than \$27.4 million through criminal, civil and administrative fines, restitution and other recoveries. Of this amount, \$11.7 million was returned directly to NASA.

In the safety area, a recent OIG investigation resulted in the conviction of a Space Shuttle parts supplier who attempted to substitute non-conforming parts into Space Shuttle Discovery's payload bay. According to experts, an in-flight failure of this non-conforming part would have significantly endangered the crew. In addition, OI has pursued and successfully convicted in both domestic and foreign forums individuals who have illegally intruded ("hacked") into NASA's information systems. Many of these investigations are international in scope and involve suspects in Russia, China, Africa, Spain, Romania, Sweden, Portugal, and Italy. The schemes typically involve attempts to infiltrate NASA's systems to commit criminal acts, ranging from pure hacking to attempts to obtain NASA program data and technology.

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